

CITY STORES COMPANY
and
Subsidiary Companies



Annual Report

To Stockholders,
for the period from
February 2, 1932 to
January 31, 1933

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CITY STORES COMPANY



DIRECTORS

JOSEPH E. COHN	Newark, N. J.
SAUL COHN	Newark, N. J.
BERNARD FLEXNER	New York, N. Y.
ALBERT M. GREENFIELD	Philadelphia, Pa.
WALTER T. GROSSCUP	Philadelphia, Pa.
DONALD J. HENDERSON	New York, N. Y.
GEORGE H. JOHNSON	Philadelphia, Pa.
LENARD B. KEIFFER	New York, N. Y.
EDGAR M. LEVENTRITT	New York, N. Y.
JOSEPH H. LOVEMAN	Birmingham, Ala.
ERNEST W. NIVER	New York, N. Y.
PAUL H. SAUNDERS	New Orleans, La.
HERBERT J. SCHWARTZ	New Orleans, La.
HARRY G. SUNDHEIM	Philadelphia, Pa.
BENJAMIN S. WASHER	Louisville, Ky.

OFFICERS

ALBERT M. GREENFIELD	<i>Chairman of the Board</i>
PAUL H. SAUNDERS	<i>President</i>
SAUL COHN	<i>Executive Vice President</i>
LENARD B. KEIFFER	<i>Treasurer and Asst. Secretary</i>
JOSEPH E. COHN	<i>Secretary and Asst. Treasurer</i>

Annual Report of
CITY STORES COMPANY
and Subsidiary Companies

January 31, 1933

New York, May 1, 1933.

To the Stockholders of

CITY STORES COMPANY:

BY order of the Board of Directors, the annual report of your company for the fiscal year ended January 31, 1933, is submitted herewith. The combined financial condition of the company and its subsidiaries at that date is reflected by the accompanying consolidated balance sheet at January 31, 1933, as certified by Messrs. Ernst & Ernst. Separate balance sheets for each of the subsidiary companies at the same date are made a part of this report for your information. Provision has been made in the balance sheets for all known contingencies as well as for the adjustments which were approved at the stockholders' meeting on June 15, 1932. These adjustments were in the pro forma balance sheet submitted with the annual report of the previous year and involve the elimination of appreciation from certain of the fixed assets and the re-statement of the company's capital account.

The fiscal year of your company ended at a time when commodity values were at exceptionally low levels. The existing situation gave rise to a serious problem as to the fair and reasonable value of our merchandise inventories at the close of the fiscal year. We have followed the conservative policy of pricing our inventories on the basis of their replacement value, but by reason of the uncertainty of the times we have felt it advisable to provide additional reserves so that there may be no question of doubt in the presentation of our financial condition to our stockholders.

The result for the fiscal year ended January 31, 1933, of City Stores Company, before deducting interest, depreciation, etc., amounted to a profit of \$163,488.52 compared with a loss of \$50,808.20 for the previous fiscal year. Charges for depreciation, interest, and minority interest proportion, etc., make the loss for the past year \$1,798,349.14 as compared with \$2,278,080.36 for the previous year, all as shown in the accompanying comparative consolidated income account. It will be noted that while our loss is still substantial, nevertheless some improvement has been made notwithstanding the rather heavy decline in sales, most of which is the result of price decline. During the year there have been further accomplishments along the lines of improvement in our merchandise stocks, and we feel confident that our figures give adequate effect to all losses which have accrued through the continuation of the most drastic decline that has ever been witnessed in the retail merchandise field.

As authorized by stockholders at the annual meeting on June 15, 1932, the capital of the company has been changed. It is anticipated that the capital structure of several of our subsidiary companies will be adjusted in the near future in keeping with present day conditions.

The store properties of the company have been improved during the past year, expenditures totalling approximately \$175,000. have been made and we believe that they are now in first-class condition and adequate to efficiently and economically serve our customers. We feel that our units are comparable with any stores of their size and character in this country. As a result of a survey of our properties our depreciation policy has been adjusted. Rates of depreciation as set forth in our Stock Exchange listing application have been applied to the net book value of the fixed assets of subsidiaries (other than Lit Brothers) at February 1, 1932, with the exception of one building where the rate has been doubled by reason of local conditions. In the case of properties owned by Lit Brothers, depreciation allowance has been provided at rates approved by the United States Internal Revenue Department. It is the opinion of the management that the provision for depreciation on the revised basis is adequate to cover wear, tear, and obsolescence over the useful life of the buildings and equipment.

We feel that the greatest accomplishments during the past fiscal year have been the marked improvement in our personnel and organization. All have absorbed their full share by way of reduction in compensation in fine spirit, and the cooperation

which has been afforded your management in dealing with the many difficult problems during the past year has been noteworthy. Our customer relationship is splendid and we are serving our communities effectively and with a complete line of merchandise.

It is a rather general belief that the extremely low price levels for merchandise cannot long continue. This is evidenced by a rather sharp advance in basic commodity prices during recent weeks, and the possibility that due to changes in currency legislation the trend will continue. Should this become permanent, your company will benefit materially by reason of its well-balanced stocks of merchandise which are carried in our inventories on a conservative basis. Our reserves against these inventories may not be needed if prices continue to advance.

The statements of the individual units of your company show an acceptable ratio of current assets to current liabilities for each and they are in no manner responsible for the holding company's obligations. The total charges of your company arising out of the \$10,000,000. 6% Collateral Notes were paid up to and including December 1, 1932. This was rendered possible by the sale of the merchandise of the City Stores Mercantile Company, City Stores Furniture Company, City Stores Apparel Company and City Stores Millinery Company to the operating units, and use of the proceeds with the consent of the noteholders, and by two dividends from Lit Brothers aggregating \$180,360.00 and one dividend from the Maison Blanche Company of \$79,965.00, which dividends were paid out of earned surplus.

At the April 1, 1933 maturity, your company, not being in sufficient funds, failed to meet its obligation to pay in cash charges for interest and renewal which total charges amounted to \$263,319.56. On this occasion the noteholders accepted the demand notes of your company in lieu of these cash payments and renewed the \$10,000,000. 6% Collateral Notes until August 1, 1933, without, however, any commitment as to their future action in this regard.

The Voting Trust for Class A and Common stockholders up to May 1, 1933, represented 53,212 shares of Class A and 565,080 shares of Common stock. The purpose of the Voting Trust as established was to provide for the continuance of a Board of Directors on which the noteholders as well as the stockholders would be properly represented until the obligations shall have been retired. Under the terms of the

charter, the Class A stockholders have a right to elect a majority of the Board of Directors on account of the dividends on the Class A stock being in arrears for more than five quarterly periods and proxies are therefore being sent to both Class A stockholders and Common stockholders. In order that those stockholders who have delegated their voting rights to the Voting Trustees may be fully apprised of the condition of their company and the problems which confront it, a copy of the auditors' report and this letter is being sent not only to the Class A and Common stockholders but to the holders of Class A and Common Voting Trust Certificates.

Respectfully submitted,

PAUL H. SAUNDERS,

President.

ERNST & ERNST

ACCOUNTANTS AND AUDITORS
SYSTEM SERVICE

NEW YORK

19 RECTOR STREET

April 20, 1933.

City Stores Company,
New York City:

We made an examination of the books of account and record pertaining to the assets and liabilities of CITY STORES COMPANY - NEW YORK CITY and SUBSIDIARY COMPANIES as at January 31, 1933, including a general review of the operating and surplus accounts for the period from February 2, 1932 to January 31, 1933. The inventories of merchandise, represented to us by the store managements as being the result of actual counts of stock valued at retail less accumulated departmental mark-up and reserve, were generally reviewed as to basis of valuation and extensions and footings.

On this basis and on information submitted to us, and subject to the final determination of liability for Federal Taxes, WE HEREBY CERTIFY that in our opinion the accompanying Consolidated Balance Sheet shows the combined financial condition of CITY STORES COMPANY - NEW YORK CITY and Subsidiary Companies as at January 31, 1933 and the related Consolidated Income and Surplus Accounts show respectively the combined results of operations and changes in operating deficit and capital surplus for the period stated thereon. We further certify, on a similar basis, that in our opinion the accompanying Balance Sheet of each subsidiary company shows the financial condition of that Company at January 31, 1933.

ERNST & ERNST.

CITY STORES COMPANY, NEW YORK

CONSOLIDATED

January

ASSETS

CURRENT:

Cash	\$ 2,556,711.13	
Notes Receivable — Customers — <i>Less</i> : Reserve	5,877.36	
Accounts Receivable — Customers (including \$1,594,075.65 of installment accounts) — <i>Less</i> : Reserve of \$779,605.87	4,750,296.89	
Accounts Receivable from Vendors and Tenants; Local and State Warrants; <i>Less</i> : Reserve of \$10,000.00	152,050.18	
Merchandise Inventories (at retail less accumulated departmental mark-up and reserve of \$143,430.00)	3,856,694.96	
Marketable Securities (at market)	51,961.43	
Cash Surrender Value Life Insurance	23,351.82	\$11,396,943.77

OTHER ASSETS:

Sundry Investments <i>Less</i> : Reserve of \$181,792.50 (\$51,742.00 pledged to 6% Collateral Notes)	\$ 182,773.86	
Sundry Notes and Accounts Receivable, Deposits, etc. <i>Less</i> : Reserve of \$352,964.25	294,565.45	
Accounts Receivable—Customers—Slow— <i>Less</i> : Reserve of \$33,500.00 (Acquired from predecessor company, \$5,725.00 guaranteed)	20,766.01	498,105.32

PERMANENT (Note "A"):

Land, Buildings, Fixtures, Equipment, etc.	\$28,317,600.53	
<i>Less</i> : Reserve for Depreciation and Amortization	4,837,890.41	23,479,710.12

GOOD WILL (Carried on books of subsidiaries in total amount of \$2,792,158.27)		1.00
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DEFERRED CHARGES:

Unexpired Insurance Premiums, Inventory of Supplies, Prepaid Expenses, etc.		410,983.23
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\$35,785,743.44

NOTE "A": Land and buildings at appraised sound value independently appraised in 1929 less subsequent depreciation with exception of Lit Brothers which are at book value less depreciation; fixtures, equipment, etc. at book value less depreciation.

NOTE "B": Including \$231,875.00 reserved for Class "A" Preferred Stock and Common Stock of City Stores Company held in Treasury or bought for retirement.

NOTE "C": Undeclared accumulative dividends on City Stores Company Class "A" Preferred Stock amounted to \$607,215.00 at January 31, 1933.

NOTE "D": Contingent liabilities—all of subsidiary companies:
 1. For customers accounts sold to finance company—\$217.58.
 2. For damage suits, loss from which, if any, not presently determinable.
 Unused letter of credit balance (subsidiary company)—\$650.00.

CITY, AND SUBSIDIARY COMPANIES

BALANCE SHEET

31, 1933

LIABILITIES			
CURRENT:			
Notes Payable to banks (subsidiary companies).....	\$ 200,000.00		
Accounts Payable	1,659,753.28		
Accrued Accounts	640,975.81	\$ 2,500,729.09	
ACCOUNTS PAYABLE DUE AFTER JANUARY 31, 1934.....			43,010.03
6% COLLATERAL NOTES—Due April 1, 1933 and subject to renewal to at least December 1, 1934 (Principally secured by capital stocks of directly owned subsidiaries)			10,000,000.00
MORTGAGES PAYABLE BY SUBSIDIARY COMPANIES (\$220,000.00 Payable dur- ing year; 1932 and other 1933 installments totalling \$120,000.00 ex- tended to maturity of mortgages)			9,375,000.00
RESERVES:			
For redemption of trading stamps, contingencies, etc.....			440,098.19
DEFERRED INCOME:			
Unrealized Profits on Installment Contracts, etc.			49,148.98
MINORITY INTERESTS:			
Preferred Stock of subsidiary companies—outstanding at par	\$4,350,453.00		
Accrued undeclared dividends to Jan. 31, 1933.....	189,360.76	\$4,539,813.76	
Common Stock—Subsidiary Companies	\$ 319,812.00		
Surplus applicable thereto	474,913.84	794,725.84	5,334,539.60
CAPITAL:			
CAPITAL STOCK:			
Class "A" Preferred \$3.50 Cumulative—No Par Value			
Authorized 200,000 shares; Outstanding 83,990 shares (after de- ducting 2,755 shares in Treasury and 1,770 shares retired)	\$4,199,500.00		
(53,212 shares exchanged for Voting Trust Certificates)			
Common Stock—No Par Value			
Authorized 2,000,000 shares; Outstanding 1,133,208 shares (after deducting 5,625 shares held in Treasury)	1,133,208.00		
(564,948 shares exchanged for Voting Trust Certificates)			
CAPITAL SURPLUS (NOTE "B")	\$5,131,429.77		
OPERATING DEFICIT	2,420,920.22	2,710,509.55	8,043,217.55
			\$35,785,743.44

NOTE "E": Under agreement dated January 13, 1932, ratified by the Board of Directors and reported to stockholders under date of February 6, 1932, City Stores Company at the time of each four month renewal is to deliver to noteholders not to exceed 666.67 shares of its Class "A" stock and 20,000 shares of its common stock in addition to a cash payment, likewise with a stipulated maximum amount, as consideration for the renewal of the 6% Collateral Notes.

NOTE "F": To January 31, 1933 the corporation was required by its charter to retire 5,310 shares of its Class "A" Preferred Stock of which 1,770 shares had been so retired.

NOTE "G": Certain depositaries of subsidiary companies in which were balances of \$95,167.78 at the time of the banking moratorium did not reopen. Reorganization plans were reported pending for one depositary which if consummated would release ap- proximately from \$22,000.00 to \$30,000.00 of these balances.

CITY STORES COMPANY, NEW YORK CITY, and Subsidiary Companies

COMPARATIVE CONSOLIDATED INCOME AND EXPENSES

For the two years ended January 31, 1933

	Year Ended January 31, 1933	Year Ended February 1, 1932
Net Sales (including sales of leased departments)	\$29,516,633.72	\$35,637,378.52
Cost of Goods Sold	19,746,076.71	24,714,051.19
GROSS PROFIT	\$ 9,770,557.01	\$10,923,327.33
Realized Gross Profit in Installment Contracts	43,449.49	110,798.29
TOTAL GROSS PROFIT	\$ 9,814,006.50	\$11,034,125.62
Selling, Administrative and General Expenses	10,080,598.17	11,683,752.60
	\$ 266,591.67	\$ 649,626.98
OTHER INCOME:		
Interest, Rentals, Dividends, etc.	430,080.19	598,818.78
	\$ 163,488.52	\$ 50,808.20
OTHER CHARGES:		
Interest and expenses on 6% Collateral Notes, Mortgages and Notes Payable	1,399,154.84	1,283,681.32
Provision for doubtful accounts; bad debts written off and sundry charges—(net)	280,532.41	617,019.66
Provision for Depreciation and Amortization.....	417,652.83	491,647.21
Federal Income Tax (on subsidiary).....	913.72	3,368.79
	2,098,253.80	2,395,716.98
LOSS FOR PERIOD	\$ 1,934,765.28	\$ 2,446,525.18
Amount applicable to Common Stocks of Subsidiary Companies not owned by City Stores Company—Net	136,416.14	168,444.82
LOSS APPLICABLE TO CITY STORES COMPANY	*\$ 1,798,349.14	\$ 2,278,080.36

* Including loss of The Goerke Company to April 28, 1932, date of receivership.

ANALYSIS OF CONSOLIDATED OPERATING DEFICIT

For the period from February 2, 1932 to January 31, 1933

Consolidated loss applicable to City Stores Company for period from February 2, 1932 to January 31, 1933	\$1,798,349.14	
Writing down investments in other companies.....	245,530.75	
Additional reserves for redemption of trading stamps and contingencies.....	87,233.20	
Loss on account receivable from The Goerke Company (in receivership)	150,328.76	
Expenses incidental to extension of Three Year Notes	91,966.62	
Dividends paid to preferred stock minority interest in subsidiary company.....	114,588.55	
Increase in minority interest in Preferred Stock of subsidiary company for accumulated undeclared and unpaid dividends.....	43,506.82	\$2,531,503.84
Less: Proportion applicable to minority interests.....		110,583.62
DEFICIT—JANUARY 31, 1933		\$2,420,920.22

CITY STORES COMPANY, NEW YORK CITY, and Subsidiary Companies

ANALYSIS OF CONSOLIDATED CAPITAL SURPLUS

For the period from February 2, 1932 to January 31, 1933

OPERATING DEFICIT FEBRUARY 2, 1932.....			\$3,569,409.19
DEDUCTIONS:			
Prior year adjustments (after allowing for minority interest)			
Excess provision for depreciation	\$34,711.77		
Sundry—Net	1,508.34	36,220.11	
ADJUSTED OPERATING DEFICIT FEBRUARY 2, 1932.....			\$3,533,189.08
CAPITAL SURPLUS—FEBRUARY 2, 1932.....			3,145,633.71
NET DEFICIT—FEBRUARY 2, 1932.....			\$ 387,555.37
Reduction of capital during period			11,133,435.33
CAPITAL SURPLUS FROM REDUCTION OF CAPITAL			\$10,745,879.96
ADDITION:			
Sale of Good Will of subsidiary company (after allowing for minority interest)	\$	1,715.17	
DEDUCTIONS:			
Eliminating 1929 appraised appreciation of Lit Brothers land (after allowing for minority interest)	\$5,552,260.57		
Depreciation on excess of appraised values of properties over cost values (after allowing for minority interests)	44,177.98		
From change in minority interests in subsidiary companies during year—net	19,726.81	5,616,165.36	5,614,450.19
CAPITAL SURPLUS—JANUARY 31, 1933			\$ 5,131,429.77

LIT BROTHERS, PHILADELPHIA, PA.

CONSOLIDATED

January

ASSETS

CURRENT:

Cash	\$ 2,010,564.22	
Accounts Receivable—Customers (including \$969,465.20 of installment accounts)— <i>Less</i> : Reserve of \$476,056.66 for doubtful	3,183,071.55	
Merchandise Inventories (at retail less accumulated departmental mark up)	1,736,332.50	
Marketable Securities—At market	48,974.73	\$ 6,978,943.00

OTHER ASSETS:

Sundry Investments— <i>Less</i> : Reserve of \$167,650.00	\$ 79,187.60	
Sundry Notes and Accounts Receivable, Deposits, etc. <i>Less</i> : Reserve of \$314,853.87	159,296.62	238,484.22

PERMANENT:

Land, Buildings, Fixtures, Equipment, Etc. (book value)	\$16,477,543.87	
<i>Less</i> : Reserve for Depreciation	2,533,607.55	13,943,936.32

GOOD WILL—Value on books		1,046,783.23
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DEFERRED CHARGES:

Unamortized Mortgage Expense, Unexpired Insurance Premiums, Supplies and Prepaid Expenses		240,512.83
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\$22,448,659.60

NOTE "A": Accumulative unpaid and undeclared dividends at January 31, 1933 on the 6% Cumulative Preferred Stock amounted to \$344,412.36 of which \$210,420.00 is applicable to Preferred shares owned by City Stores Company.

NOTE "B": Before reserving \$2,160,502.00 for Preferred Stock and Common Stock held in treasury.

NOTE "C": No contingent liabilities reported.

A., AND SUBSIDIARY COMPANIES

BALANCE SHEET

1, 1933

LIABILITIES			
CURRENT:			
Accounts Payable—Trade	\$ 1,042,758.83		
Accrued Accounts	381,822.68		
	<u>\$ 1,424,581.51</u>		
AFFILIATED COMPANY:			
Account Payable	20,288.24	\$ 1,444,869.75	
DEFERRED LIABILITY:			
Accounts Payable (\$10,900.00 due April 1, 1934 and April 1, 1935)....		21,800.00	
RESERVE FOR REDEMPTION OF TRADING STAMPS AND CONTINGENCIES.....		388,684.09	
MORTGAGES PAYABLE (\$160,000.00 payable during year)		6,905,000.00	
DEFERRED INCOME		1,753.29	
CAPITAL:			
CAPITAL STOCK:			
Preferred—6% Cumulative (\$100.00 par value)			
Authorized and issued.....	\$12,000,000.00		
Less: Held in treasury.....	2,159,647.00	\$ 9,840,353.00	
Common (no par value)			
1,000,000 shares authorized and issued—less 855 shares held in treasury		999,145.00	
		<u>\$10,839,498.00</u>	
SURPLUS (Note "B"):			
Balance February 1, 1932, including \$36,489.46 of subsidiary company	\$3,551,659.89		
Loss for the period from February 2, 1932 to January 31, 1933.....	\$436,439.47		
Dividends paid—Preferred Stock.....	294,948.55		
Providing additional reserves for redemption of trading stamps and shrinkage in value of securities	57,233.20		
	<u>\$788,621.22</u>		
Less: Adjustment of reserves for depreciation, Federal Income Tax, etc. prior years	84,015.80	704,605.42	2,847,054.47
			<u>13,686,552.47</u>
			<u>\$22,448,659.60</u>

MAISON BLANCHE COMPANY, NEW ORLEANS, LA.

BALANCE SHEET

January 31, 1933

A S S E T S				
CURRENT:				
Cash			\$	212,662.48
Accounts Receivable—Customers (including \$215,484.68 of installment accounts)—Less: Reserve of \$40,000.00.....				523,543.42
Merchandise Inventories (at retail less accumulated departmental mark-up and reserve of \$46,430.00)				735,677.70
				<u>\$1,471,883.60</u>
AFFILIATED COMPANIES:				
Note and Accounts Receivable				25,003.28
OTHER ASSETS:				
Investments in Other and Affiliated Companies.....			\$	39,026.00
Sundry Accounts Receivable and Advances.....				13,209.46
				<u>52,235.46</u>
INVESTMENT IN SUBSIDIARY COMPANIES:				
	*99.43% Owned	†Entirely Owned		
Capital Stock (book carrying value).....	\$894,575.00	\$2,074,411.38		\$2,968,986.38
Accounts Receivable	1,099.93	7.52		1,107.45
	<u>\$895,674.93</u>	<u>\$2,074,418.90</u>		<u>2,970,093.83</u>
PERMANENT:				
Furniture, Fixtures and Delivery Equipment and Improvements (book value)			\$	601,221.92
Less: Reserve for Depreciation and Amortization.....				338,183.65
				<u>263,038.27</u>
GOOD WILL—Value on books.....				<u>376,031.24</u>
DEFERRED CHARGES:				
Prepaid Expenses and Unexpired Insurance Premiums.....				44,083.82
				<u>\$5,202,369.50</u>
L I A B I L I T I E S				
CURRENT:				
Accounts Payable			\$	213,941.22
Accrued Accounts				32,060.20
				<u>\$ 246,001.42</u>
AFFILIATED COMPANY:				
Account Payable				4,409.04
				<u>\$ 250,410.46</u>
RESERVE FOR INSURANCE, ETC.				<u>7,167.46</u>
CAPITAL:				
CAPITAL STOCK:				
Common Stock (par value \$50.00)				
Authorized 120,000 shares—80,000 shares issued				\$4,000,000.00
SURPLUS:				
Capital				250,000.00
Earned				
Balance February 1, 1932.....		\$1,062,642.46		
Loss for period from February 2, 1932				
to January 31, 1933.....	\$ 65,486.85			
Dividends paid	80,000.00			
Writing down investment in other company	239,999.00			
	<u>\$385,485.85</u>			
Less: Unused Reserve for Federal Income Tax—prior year	17,634.97	367,850.88	694,791.58	4,944,791.58
				<u>\$5,202,369.50</u>

* Represents 7,085 shares of Common Stock of Maison Blanche Realty Company.

† Represents 5,000 shares of Preferred and 25,000 shares of Common Stock of B. Lowenstein & Bros., Inc.

NOTE "A": Unused letter of credit balance of \$650.00. No contingent liabilities reported.

NOTE "B": Certain depositaries of the Company in which were balances of \$40,382.54 at the time of the banking moratorium did not reopen. Reorganization plans were reported pending for one depositary which if consummated would release approximately \$6,000.00 to \$9,000.00 of these balances.

MAISON BLANCHE REALTY COMPANY, NEW ORLEANS, LA.

BALANCE SHEET

January 31, 1933

ASSETS

CURRENT:			
Cash	\$	79,635.58	
Rents receivable from tenants <i>Less</i> : Reserve of \$10,000.00 for doubtful....		15,238.90	\$ 94,874.48
AFFILIATED COMPANY:			
Account Receivable			12.70
OTHER ASSETS:			
Sundry accounts receivable and advances.....			5,795.38
PERMANENT (Note "A"):			
Land, Buildings, Fixtures, Equipment, etc.....	\$5,962,552.47		
<i>Less</i> : Reserve for Depreciation	595,718.90		5,366,833.57
DEFERRED CHARGES:			
Inventory of Supplies, Unexpired Insurance Premiums, etc.....			13,113.72
			<u>\$5,480,629.85</u>

LIABILITIES

CURRENT:			
Accounts Payable	\$	2,344.41	
Accrued Accounts		28,373.79	
	\$	30,718.20	
AFFILIATED COMPANY:			
Account Payable		1,099.93	\$ 31,818.13
FIRST MORTGAGE 5½% NOTES—(Note "B"):			
Maturing \$40,000.00 semi-annually on May 1, and November 1, to November 1, 1943; \$790,000.00 due May 1, 1944.....			1,630,000.00
DEFERRED REAL ESTATE ASSESSMENT:			
Payable in seven equal annual installments.....			5,054.83
CAPITAL:			
CAPITAL STOCK:			
Common Stock:			
Authorized	\$	750,000.00	
<i>Less</i> : In Treasury.....		37,500.00	\$ 712,500.00
SURPLUS:			
FROM APPRAISAL OF PROPERTIES:			
Balance February 1, 1932.....	\$2,789,683.69		
Depreciation on excess of appraised values of properties over cost values	36,714.75	\$2,752,968.94	
EARNED (Note "C"):			
Balance February 1, 1932.....	\$ 270,891.97		
Profit for period from February 2, 1932 to January 31, 1933.....	119,877.69		
Unused Reserve for Federal Income Tax—prior year	14,518.29		
	\$ 405,287.95		
<i>Less</i> : Dividends Paid	57,000.00	348,287.95	3,101,256.89
			<u>3,813,756.89</u>
			<u>\$5,480,629.85</u>

NOTE "A": Land and buildings at value independently appraised in 1929 less subsequent depreciation; fixtures and equipment, etc. at book value.

NOTE "B": Payment of \$80,000.00 on First Mortgage Notes maturing November 1, 1932 and May 1, 1933 was extended by holder thereof to May 1, 1944.

NOTE "C": Including \$37,500.00 reserved for common stock held in treasury.

NOTE "D": The Company's depository in which there was a balance of \$54,785.24 at the time of the banking moratorium did not reopen. Reorganization plans were reported pending which if consummated would release approximately \$16,000.00 to \$21,000.00 of this balance.

LOVEMAN, JOSEPH & LOEB,

BALANCE

January

ASSETS

CURRENT:

Cash	\$ 66,015.57	
Notes Receivable—Customers	4,736.87	
Accounts Receivable—Customers (including \$93,463.50 of installment accounts)— <i>Less</i> : Reserve of \$37,000.00 for Doubtful.....	336,889.42	
Merchandise Inventories (At retail less accumulated departmental mark-up and reserve of \$33,000.00)	371,399.65	
State, Local and School Warrants.....	100,928.65	
Marketable Securities—At Market	2,986.70	
Cash Surrender Value of Life Insurance.....	23,351.82	\$ 906,308.68

OTHER ASSETS:

Investments in Other Companies— <i>Less</i> : Reserve of \$11,642.50.....	\$ 7,041.26	
Sundry Notes and Accounts Receivable, Deposits, etc. (partly secured)— <i>Less</i> : Reserve of \$3,500.00	51,588.04	58,629.30

AFFILIATED COMPANIES:

Capital Stock—Market Value	\$ 1,625.00	
Accounts Receivable	16.85	1,641.85

PERMANENT—(Note "A")

Land, Buildings, Fixtures, Equipment, etc.....	\$3,511,377.84	
<i>Less</i> : Reserve for Depreciation	494,622.22	3,016,755.62

GOODWILL—Value on Books		800,000.00
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DEFERRED CHARGES:

Inventory of Supplies, Unexpired Insurance Premiums, Prepaid Expenses, etc.		12,885.07
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\$4,796,220.52

NOTE "A": Land and buildings at value independently appraised in 1929 less subsequent depreciation; fixtures, equipment, etc. at book value, less depreciation.

NOTE "B": Unpaid 1932 and 1933 installments on mortgage totalling \$40,000.00 extended by holder of mortgage until maturity thereof.

NOTE "C": Including \$720,100.00 reserved for preferred stock held in treasury.

BIRMINGHAM, ALABAMA

SHEET

31, 1933

LIABILITIES

CURRENT:

Notes Payable—To Bank	\$ 125,000.00
Accounts Payable	114,463.22
Accrued Accounts	38,170.01
	<u>\$ 277,633.23</u>

AFFILIATED COMPANIES:

Notes and Accounts Payable	27,231.77	\$ 304,865.00
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ACCOUNTS PAYABLE—Due after January 31, 1934

For Store Fixtures	16,155.20
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FIRST MORTGAGE—5½% due 1933-1938—Note "B"

On Land and Buildings—(\$20,000.00 payable during year)	840,000.00
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RESERVE FOR CONTINGENCIES, PENSIONS, ETC.	43,530.49
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CAPITAL:

CAPITAL STOCK:

Preferred Stock 7% Cumulative—

\$100.00 par value—Authorized and Issued	\$1,000,000.00
Less: In Treasury	720,100.00
	<u>\$ 279,900.00</u>

Common Stock—\$100.00 par value

Authorized	\$2,000,000.00
Less: Unissued	378,000.00
	<u>1,622,000.00</u>
	<u>\$1,901,900.00</u>

SURPLUS—(Note "C")

From appraisal of properties:

Balance February 1, 1932	\$1,753,324.14
Less: Depreciation on excess of ap- praised values of properties over cost values	7,671.25
	<u>\$1,745,652.89</u>

EARNED:

Balance February 1, 1932	\$ 173,943.02
Less: Loss for period from February 2, 1932 to January 31, 1933..	199,826.08
Providing reserve for contin- gencies	30,000.00
	<u>\$ 229,826.08</u>
	<u>55,883.06</u>
	<u>1,689,769.83</u>
	<u>3,591,669.83</u>
	<u>\$4,796,220.52</u>

NOTE "D": Accumulative unpaid and undeclared dividends at January 31, 1933 on the 7% Cumulative Preferred Stock amounted to \$21,225.75

NOTE "E": The Company was defendant in several damage suits, the total loss from which, if any, was not determinable.

B. LOWENSTEIN & BROS., INC., MEMPHIS, TENN.

BALANCE SHEET

January 31, 1933

ASSETS			
CURRENT:			
Cash	\$	75,460.78	
Accounts Receivable—Customers (including \$147,015.68 of installment accounts)— <i>Less</i> : Reserve of \$48,000.00 for Doubtful.....		382,313.25	
Merchandise Inventories (At retail less accumulated departmental mark-up and reserve of \$50,000.00).....		548,535.11	\$1,006,309.14
OTHER ASSETS:			
Investments in Other Companies— <i>Less</i> : Reserve of \$2,500.00.....	\$	4,389.00	
Sundry Notes and Accounts Receivable, Deposits, etc.— <i>Less</i> : Reserve of \$2,000.00		23,936.82	28,325.82
PERMANENT:			
Fixtures, Equipment, Improvements, etc. (book value).....	\$	876,650.23	
<i>Less</i> : Reserves for Depreciation and Amortization.....		497,369.87	379,280.36
GOODWILL—Value on books.....			150,000.00
DEFERRED CHARGES:			
Inventory of Supplies, Unexpired Insurance Premiums, Prepaid Expenses, etc.			25,224.52
			<u>\$1,589,139.84</u>
LIABILITIES			
CURRENT:			
Accounts Payable	\$	113,585.68	
Accrued Accounts		23,914.99	
		<u>\$ 137,500.67</u>	
AFFILIATED COMPANIES:			
Accounts Payable		2,717.85	\$ 140,218.52
RESERVE FOR INSURANCE, ETC.			3,716.15
CAPITAL:			
CAPITAL STOCK:			
Preferred 8% Cumulative—\$100.00 par value			
Authorized	\$600,000.00		
<i>Less</i> : Unissued	100,000.00	\$ 500,000.00	
Common Stock—No Par Value			
25,000 shares Authorized and Issued.....	1,500,000.00	\$2,000,000.00	
DEFICIT:			
Deficit—February 1, 1932.....	\$	331,704.83	
Add: Loss for period from February 2, 1932 to January 31, 1933	223,090.00	554,794.83	1,445,205.17
			<u>\$1,589,139.84</u>

NOTE "A": Dividends on Preferred Stock (entirely owned by Maison Blanche Company) have been paid to January 1, 1924.

NOTE "B": No contingent liabilities reported.

KAUFMAN-STRAUS COMPANY, INC., LOUISVILLE, KY.

BALANCE SHEET

January 31, 1933

ASSETS			
CURRENT:			
Cash	\$	41,824.38	
Notes Receivable—Customers		1,140.49	
Accounts Receivable—Customers (including \$27,647.94 of installment accounts)— <i>Less</i> : Reserve of \$20,000.00 for doubtful		210,321.73	
Merchandise Inventories (At retail less accumulated departmental mark-up)		285,342.45	\$ 538,629.05
OTHER ASSETS:			
Investments in other companies	\$	4,413.00	
Sundry Accounts Receivable		5,928.92	10,341.92
PERMANENT:			
Improvements, Furniture and Fixtures, Delivery Equipment (book value)	\$	626,187.38	
<i>Less</i> : Reserve for depreciation and amortization		283,704.90	342,482.48
GOODWILL—Value on books			419,343.80
DEFERRED CHARGES:			
Inventory of supplies, unexpired insurance premiums, prepaid expenses, etc.			22,157.69
			<u>\$1,332,954.94</u>
LIABILITIES			
CURRENT:			
Notes Payable—To Bank	\$	75,000.00	
Accounts Payable		65,537.31	
Accrued Accounts		31,590.76	
	\$	172,128.07	
AFFILIATED COMPANY:			
Account Payable		1,958.34	\$ 174,086.41
CAPITAL:			
CAPITAL STOCK:			
Preferred 7% Cumulative—\$100.00 par value			
Authorized		\$750,000.00	
<i>Less</i> : Unissued	\$247,400.00		
Retired	3,700.00	251,100.00	\$ 498,900.00
Common—Authorized and Issued.....			1,000,000.00
			<u>\$1,498,900.00</u>
DEFICIT (Note "B")			
Balance February 1, 1932.....	\$289,247.03		
Loss for period from February 2, 1932 to January 31, 1933	50,784.44	340,031.47	1,158,868.53
			<u>\$1,332,954.94</u>

NOTE "A": Accumulative unpaid and undeclared dividends at January 31, 1933 on the 7% Cumulative Preferred Stock amounted to \$69,846.00 of which \$35,938.00 is applicable to Preferred shares owned by City Stores Company.

NOTE "B": Before reserving \$3,700.00 for Preferred stock retired.

NOTE "C": No contingent liabilities reported.

GOERKE-KIRCH COMPANY, ELIZABETH, N. J.

BALANCE SHEET

January 31, 1933

ASSETS				
CURRENT:				
Cash	\$	16,665.19		
Accounts Receivable—Customers (including \$140,998.65 of installment accounts)— <i>Less</i> : Reserve of \$32,600.00 for doubtful		150,040.15		
Merchandise Inventories (at retail less accumulated departmental mark-up and reserve of \$14,000.00)		177,875.85	\$	344,581.19
OTHER ASSETS:				
Sundry Notes and Accounts Receivable, Deposits, etc.	\$	23,214.94		
Accounts Receivable—Customers—Slow (Acquired from predecessor Company, \$5,725.00 guaranteed)— <i>Less</i> : Reserve of \$33,500.00 for doubtful		20,766.01		43,980.95
PERMANENT:				
Fixtures, Equipment, Improvements, etc. (Book value)	\$	175,266.69		
<i>Less</i> : Reserve for Depreciation and Amortization		82,707.65		92,559.04
DEFERRED CHARGES:				
Unexpired insurance premiums, inventory of supplies, prepaid expenses, etc.				8,193.52
			\$	489,314.70
LIABILITIES				
CURRENT:				
Accounts Payable	\$	33,296.83		
Accrued Accounts		3,953.07		
	\$	37,249.90		
AFFILIATED COMPANIES:				
Accounts Payable		8,813.74	\$	46,063.64
RESERVE FOR CONTINGENCIES				27,000.00
DEFERRED INCOME:				
Unrealized Profits on Installment Contracts				47,362.69
CAPITAL:				
CAPITAL STOCK:				
Common Stock—No Par Value				
Authorized and Issued 1,000 shares	\$	541,400.00		
SURPLUS—DEFICIT:				
Capital Surplus	\$	16,846.64		
Operating Deficit				
Balance February 1, 1932		\$116,464.84		
Loss for period from February 2, 1932 to January 31, 1933		74,671.78		
		\$191,136.62		
<i>Less</i> : Claims against predecessor owners		1,778.35	189,358.27	172,511.63
				368,888.37
			\$	489,314.70

NOTE "A": The Company was contingently liable for customers' accounts sold to finance company on which had been received advances of \$217.58.

CITY STORES MERCANTILE COMPANY, NEW YORK CITY

BALANCE SHEET

January 31, 1933

ASSETS			
CURRENT:			
Cash			\$ 10,883.97
AFFILIATED COMPANIES:			
Accounts Receivable			33,294.07
OTHER ASSETS:			
Account Receivable—Employee			548.46
PERMANENT:			
Furniture and Fixtures (Book Value)	\$ 15,800.13		
Less: Reserve for Depreciation	11,975.67	3,824.46	
			<u>3,824.46</u>
DEFERRED CHARGES:			
Unexpired Insurance Premiums		1,806.24	
			<u>\$ 50,357.20</u>

LIABILITIES			
CURRENT:			
Accounts Payable	\$ 1,114.75		
AFFILIATED COMPANIES:			
Accounts Payable	86.36	\$ 1,201.11	
CAPITAL:			
CAPITAL STOCK:			
Common Stock—Par Value \$100.00—Authorized 1,250 shares—250 shares Issued		\$ 25,000.00	
SURPLUS:			
Balance—February 1, 1932	\$62,357.41		
Profit for period from February 2, 1932 to January 31, 1933	\$17,668.18		
Unused Reserve for Federal Income Tax—prior year	5,149.42	22,817.60	
			<u>\$85,175.01</u>
Dividend paid	61,018.92	24,156.09	49,156.09
			<u>\$ 50,357.20</u>

NOTE: No contingent liabilities reported.

KENVILLE REALTY COMPANY, LOUISVILLE, KY.

BALANCE SHEET

January 31, 1933

ASSETS

AFFILIATED COMPANIES:

Accounts Receivable \$ 2,006.91

PERMANENT:

Land 70,000.00

\$ 72,006.91

LIABILITIES

ACCRUED ACCOUNTS \$ 1,090.31

CAPITAL:

CAPITAL STOCK:

Common Stock—\$100.00 Par value—Authorized and Issued \$ 50,000.00

SURPLUS:

CAPITAL \$20,000.00

EARNED:

Balance February 1, 1932..... \$1,160.28

Unused Reserve for Federal Income Tax—
prior year 211.63

\$1,371.91

Less: Loss for period from February 2, 1932
to January 31, 1933

455.31

916.60

20,916.60

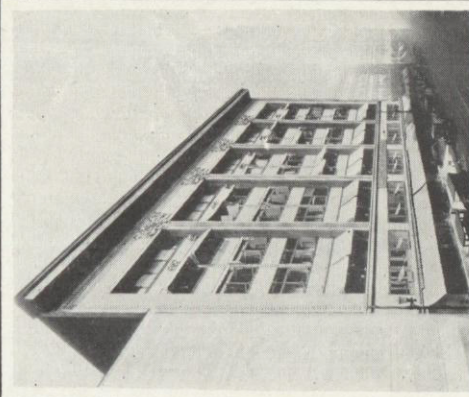
70,916.60

\$ 72,006.91

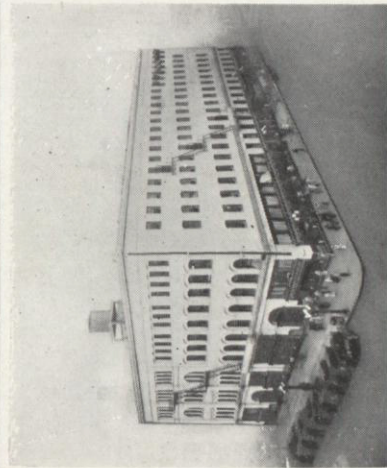
NOTE: No contingent liabilities reported.



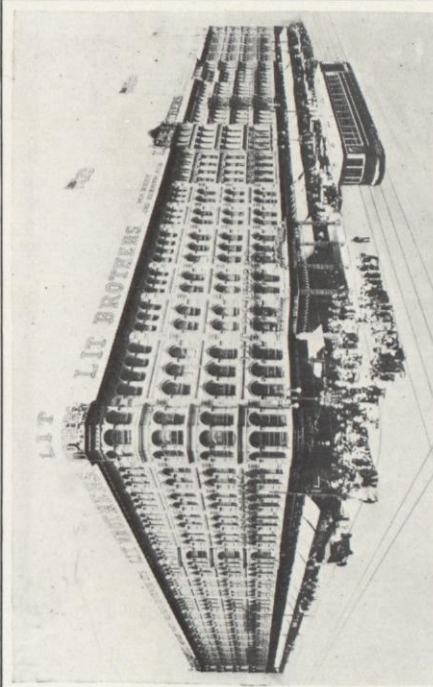
GOERKE-KIRCH COMPANY - ELIZABETH, N.J.



KAUFMAN-STRAUS CO., INC. - LOUISVILLE, KY.

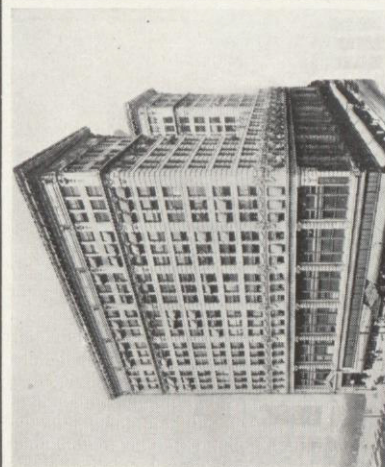


LOVEMAN-JOSEPH & LOEB - BIRMINGHAM, ALA.

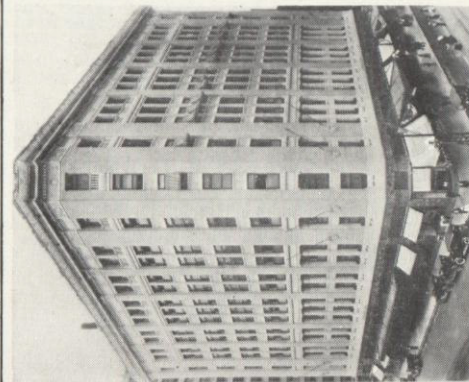


LIT BROS. - PHILADELPHIA, PA.

RETAIL UNITS
Controlled and
Operated by
**CITY STORES
COMPANY**



MAISON BLANCHE COMPANY - NEW ORLEANS, LA.



B. LOWENSTEIN & BROS., INC. - MEMPHIS, TENN.

TO THE
HONORABLE
MEMBERS OF THE
LEGISLATIVE COUNCIL
OF THE PROVINCE OF
SOUTH AFRICA
IN THE
MONTH OF
JANUARY
1901